

HOUSE BILL 429

C7, F1, K4

1lr1404

By: **Delegates Simmons and Kramer**

Introduced and read first time: February 4, 2011

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Video Lottery Terminal Revenues – School Construction and Pensions**

3 FOR the purpose of repealing provisions of law relating to the Purse Dedication
4 Account; requiring a certain distribution of revenues from video lottery
5 terminals to the Education Trust Fund instead of the Purse Dedication Account;
6 requiring certain funds in the Education Trust Fund to be accounted for
7 separately and to be used for certain purposes; and generally relating to the use
8 of revenues from video lottery terminals.

9 BY repealing

10 Article – State Government
11 Section 9–1A–28
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2010 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article – State Government
16 Section 9–1A–27(a) and 9–1A–30
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2010 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That Section(s) 9–1A–28 of Article – State Government of the Annotated
21 Code of Maryland be repealed.

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
23 read as follows:

24 **Article – State Government**

25 9–1A–27.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) On a properly approved transmittal prepared by the Commission, the
2 Comptroller shall pay the following amounts from the proceeds of video lottery
3 terminals at each video lottery facility:

4 (1) 2% to the State Lottery Agency for costs as defined in § 9-1A-01 of
5 this subtitle;

6 (2) except as provided in subsection (b) of this section, to the video
7 lottery operation licensee, the percentage stated in the accepted application for the
8 location, not to exceed 33%;

9 (3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this
10 subtitle;

11 (4) 7% to the [Purse Dedication Account established under
12 § 9-1A-28] **EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30** of this
13 subtitle, not to exceed a total of \$100,000,000 to the [Account] **FUND** annually;

14 (5) (i) except as provided in item (ii) of this item, for the first 8
15 years of operations at a video lottery facility, 2.5% to the Racetrack Facility Renewal
16 Account established under § 9-1A-29 of this subtitle, not to exceed a total of
17 \$40,000,000 to the Account annually;

18 (ii) for the first 5 years of operations at a video lottery facility in
19 Allegany County, 2.5% to the video lottery operation licensee that satisfies the
20 requirement under subsection (b) of this section;

21 (6) 1.5% to the Small, Minority, and Women-Owned Businesses
22 Account established under § 9-1A-35 of this subtitle; and

23 (7) the remainder to the Education Trust Fund established under
24 § 9-1A-30 of this subtitle.

25 9-1A-30.

26 (a) There is an Education Trust Fund which is a special, nonlapsing fund
27 that is not subject to § 7-302 of the State Finance and Procurement Article.

28 (b) (1) **(I)** [There] **EXCEPT AS PROVIDED UNDER SUBPARAGRAPH**
29 **(II) OF THIS PARAGRAPH, THERE** shall be credited to the Education Trust Fund all
30 proceeds allocated to the Fund under § 9-1A-27 of this subtitle.

31 **(II) PROCEEDS ALLOCATED TO THE EDUCATION TRUST**
32 **FUND UNDER § 9-1A-27(A)(4) OF THIS SUBTITLE SHALL BE ACCOUNTED FOR**
33 **SEPARATELY AND SHALL BE USED IN ACCORDANCE WITH SUBSECTION (D) OF**
34 **THIS SECTION.**

1 (2) Money in the Education Trust Fund shall be invested and
2 reinvested by the Treasurer, and interest and earnings shall accrue to the Fund.

3 (c) [Money] **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
4 **MONEY** in the Education Trust Fund shall be used to:

5 (1) provide funding for public elementary and secondary education,
6 through continuation of the funding and formulas established under the programs
7 commonly known as the Bridge to Excellence in Public Schools Act, first enacted by
8 Chapter 288 of the Acts of the General Assembly of 2002, including the funding for
9 regional differences in the cost of education under § 5-202(f) of the Education Article;

10 (2) provide funds to construct public school buildings and provide
11 public school capital improvements in accordance with §§ 5-301 through 5-303 of the
12 Education Article; and

13 (3) provide funds for capital projects at community colleges and public
14 senior higher education institutions.

15 (d) **(1) FIFTY PERCENT OF THE PROCEEDS ALLOCATED TO THE**
16 **EDUCATION TRUST FUND UNDER § 9-1A-27(4) OF THIS SUBTITLE SHALL BE**
17 **USED TO SUPPLEMENT STATE CONTRIBUTIONS TO THE TEACHERS'**
18 **RETIREMENT SYSTEM AND THE TEACHERS' PENSION SYSTEM UNDER § 21-304**
19 **OF THE STATE PERSONNEL AND PENSIONS ARTICLE; AND**

20 **(2) THE REMAINING 50% OF THE PROCEEDS ALLOCATED TO THE**
21 **EDUCATION TRUST FUND UNDER § 9-1A-27(A)(4) OF THIS SUBTITLE SHALL BE**
22 **USED IN ADDITION TO THE AMOUNT PROVIDED FROM GENERAL OBLIGATION**
23 **BOND PROCEEDS IDENTIFIED IN THE CAPITAL IMPROVEMENT PROGRAM TO**
24 **CONSTRUCT PUBLIC SCHOOL BUILDINGS AND PROVIDE PUBLIC SCHOOL**
25 **CAPITAL IMPROVEMENTS IN ACCORDANCE WITH §§ 5-301 THROUGH 5-303 OF**
26 **THE EDUCATION ARTICLE.**

27 **(E)** Expenditures from the Education Trust Fund shall be made each fiscal
28 year in accordance with the State budget.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2011.